

REPLY TO
ATTENTION OFDEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
101 ARMY PENTAGON
WASHINGTON DC 20310-0103

27 AUG 1997

1/16-97
HC
Admin

SARD-PS

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Performance-Based Service Contracting (PBSC) Contract
Review Checklist

Reference Acting OASA(P) memorandum dated May 23, 1997, subject as above.

In the referenced memorandum, I asked you to review and classify all newly awarded service contracts with a total estimated value of \$250,000 or greater as PBSC, Partially-PBSC, or Non-PBSC. The due date for the second quarter FY 97 data was June 30, 1997.

While the preliminary results for the second quarter FY 97 are generally encouraging, I believe that there remains substantial room for improvement. There is significant variation in PBSC usage between Major Commands (MACOMs). While some MACOMs are awarding performance-based contracts at a high rate, other Commands are awarding PBSCs at a very low rate, if at all. I am re-emphasizing that it is the policy of the Army to use PBSC to the maximum extent practicable.

In order for us to get a statistically significant sample, we are going to need your usage data for a total of four consecutive quarters. Accordingly, request that you review and classify all newly awarded service contracts for third quarter FY 97, fourth quarter FY 97, and first quarter FY 98. As previously requested, these contracts should be classified by your Competition Advocates as PBSC, partially PBSC, or Non-PBSC. As before, use the PBSC Contract Review Check List (previously provided as an attachment to the referenced memorandum) to classify your service contracts with a total estimated value of \$250,000 or greater. Contracts for construction, A-E, and R&D continue to be excluded from this analysis and classification. Should your combined PBSC and Partial-PBSC usage rate (either in terms of total numbers of contracts or dollars) fall below 50 percent for any quarter, request you provide an explanation as well as your plan for increasing the use of PBSC in the future. We also need you to classify these contracts, and their associated dollar amount as fixed price or non-fixed price type efforts. As



before, this analysis should be rolled up by MACOM. The submission for the third quarter of FY 97 is due October 11, 1997. The due dates for the fourth quarter of FY 97 and the first quarter FY 98 are 30 days after the close of the respective quarter.

We are currently developing a PBSC Survey Metric on the Army Acquisition Website. We anticipate that this site will be fully operational by September 30, 1997. Notice of this site's operational status will be provided to you at a later date.

My point of contact for this action is Robert Friedrich, SARD-PS, (703) 681-7577, fax -7580, DSN 761-, e-mail: friedrir@sarda.army.mil.



Edward G. Elgart
Acting Deputy Assistant Secretary of the
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